

VZCZCXYZ0017
PP RUEHWEB

DE RUEHMU #0448/01 1021939
ZNY CCCCC ZZH
P 111939Z APR 08
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC PRIORITY 2434
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHME/AMEMBASSY MEXICO PRIORITY 5160
RUEAIIA/CIA WASHDC PRIORITY
RUMIAAA/CDR USSOUTHCOM MIAMI FL PRIORITY
RUEABND/DEA HQS WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY

C O N F I D E N T I A L MANAGUA 000448

SIPDIS

SIPDIS

STATE FOR WHA/CEN, INL/LP
STATE PASS USAID FOR BONICELLI/CARDENAS
NSC FOR FISK/ALVARADO

E.O. 12958: DECL: 04/08/2018
TAGS: [SNAR](#) [PGOV](#) [KCRM](#) [PREL](#) [NU](#)
SUBJECT: NICARAGUA PUSHES COUNTER-MERIDA PROPOSAL

REF: A. STATE 26799
[1](#)B. MANAGUA 207

Classified By: Ambassador Paul Trivelli, Reasons 1.4 (b and d)

1.(C) Summary. In an April 7 meeting with Foreign Minister Samuel Santos on a range of bilateral issues, Ambassador raised ref a points on the Merida Initiative and pressed the GON to become more engaged in the process. Ambassador also expressed concerns about the GON's alternative proposal for a USD 1 billion line of credit to fund counter-narcotics activities in Central America, to be paid for via asset forfeiture. Santos and Vice Foreign Minister Coronel Kautz criticized the Merida Initiative as "too modest" and pressed for consideration of their proposal as a better regional approach that would demonstrate that the USG can work with its neighbors. Santos also provided a letter proposing the creation of an Ad-Hoc Commission with the U.S., Nicaragua and Honduras, to further develop and promote Nicaragua's counter-Merida proposal. The GON appears to determined to push their counter-proposal and is increasingly reluctant to engage in constructive or substantive discussion on the Merida Initiative absent further consideration for their concept. End Summary.

[1](#)2. (C) Ambassador met with FM Santos on April 7, at the request of the Foreign Ministry, to discuss a range of bilateral issues. Also participating in the meeting was Vice Foreign Minister Manuel Coronel Kautz and Legal Affairs Chief Cesar Vega. The Embassy has tried repeatedly over the past several weeks to meet with the MFA to deliver ref a points on the Merida Initiative. However, the MFA declined all meeting requests and eventually proposed a meeting between the Ambassador and Santos with the aim of discussing further the Nicaraguan counter-Merida proposal. The GON has proposed (ref b) that the USG provide backing for a USD 1 billion loan to the SICA countries through the Central American Economic Integration Bank (BCIE) to be administered by USAID. The terms of the loan would be paid by funds derived from the liquidation of seized narcotics and organized crime-related assets. The fund to be created by the loan would have a Control and Distribution Committee consisting of one Central American representative, one OAS representative, and one USG representative.

[1](#)3. (C) Ambassador delivered ref a points in support of the Merida Initiative and urged the GON to take a more active role in the process, noting that the GON has not participated

in recent SICA meetings. Ambassador noted that we have received the GON's counter-proposal and, though it was being reviewed in Washington, that there were some initial areas of concern. In particular, it would be difficult to back such a loan and that general policy is to avoid using loans as development assistance. In addition, such a program likely could not and would not be overseen by USAID given certain legal restrictions, which raises fundamental concerns about how the program could be carried out. Finally, the proposal that the GON is considering would take years to develop and implement. We, on the other hand, have already requested the initial funding for the Merida Initiative and the immediate support is likely to be significant and effective.

¶4. (C) Coronel Kautz countered that there continues to be a misconception surrounding Nicaragua's counter-Merida proposal. "We are not asking anything of the United States," he argued. "We are only proposing that the U.S. help us obtain the credit." It will be "the criminals who pay for it." Supporting Nicaragua's proposal would be a demonstration that the U.S. and Central America can work together and that the U.S. understands and values the views of its neighbors. "You are the market," he continued, "Colombia and others are the providers and we are stuck in the middle." The Merida Initiative, on the other hand, will "take years" to get started and too much money is focused on Mexico. He also expressed annoyance that Nicaragua's fellow SICA members seem "only willing to listen to 'gringo' proposals."

¶5. (C) Santos handed the Ambassador a letter (faxed to WHA/CEN) that proposed the U.S., Nicaragua and Honduras create an "Ad-Hoc Commission" to analyze, develop and promote Nicaragua's proposal. Coronel Kautz complained that the other Central American governments have not had "the patience" to work on the Nicaraguan proposal and believes that the Ad-Hoc group could help get the others to approach it more seriously. Coronel Kautz suggested that the group could be led by WHA/CEN Director Feeley and proposed a meeting prior to a planned mid-May meeting of the Central American states in El Salvador.

¶6. (C) Comment: The Ortega government is trying to leverage new support for its counter-Merida proposal. They clearly are resistant to the Merida Initiative and would like to find some way to minimize it and put themselves at the center of a counter effort that is generated in Central America. In a February 5 meeting with INL DAS McCampbell, Coronel Kautz (who appears to be the point-person on the issue) dismissed the Merida Initiative as "nothing - it doesn't mean much to Nicaragua. It is so small it doesn't even help." Furthermore, the GON has written a letter to the SICA Secretariat decrying the U.S. proposal as "inadequate" and declining to participate in meetings where it is discussed. It appears they are not getting traction individually with their neighbors and now want to co-opt the USG into appearing to support their plan. That said, if we wish to keep the GON engaged on Merida, we may well have to humor them and it hence will be necessary to arrange some form of a tripartite meeting to consider again the Nicaraguan proposal, perhaps on the margins of the next round of MANPADS negotiations. We recommend that the Department seek the Hondurans' views on this issue. We also suggest that Washington agencies undertake a preliminary analysis of the feasibility of the GON's plan as the basis for our position going into any tripartite session. Topics to look at might include an estimate of possible seized asset flows, the willingness or ability of the IFIs to finance security projects, and the ability of SICA countries to actually dispose of and monetize seized assets.

TRIVELLI